



FH
[REDACTED]

STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

Milwaukee Enrollment Services, Petitioner

DECISION

v.

[REDACTED] Respondent

FOF/155478

PRELIMINARY RECITALS

Pursuant to a petition filed February 14, 2014, under Wis. Admin. Code §HA 3.03, and see, 7 C.F.R. § 273.16, to review a decision by the Milwaukee Enrollment Services to disqualify [REDACTED] from receiving FoodShare benefits (FS) for a period of one year, a hearing was held on April 07, 2014, at Milwaukee, Wisconsin.

The issue for determination is whether the respondent committed an Intentional Program Violation (IPV).

There appeared at that time and place the following persons:

PARTIES IN INTEREST:

Petitioner:

Department of Health Services
Division of Health Care Access and Accountability
1 West Wilson Street, Room 651
Madison, Wisconsin 53703

By: Katherine May, HSPC Sr.
Milwaukee Enrollment Services
1220 W. Vliet St., Room 106
Milwaukee, WI 53205

Respondent:

[REDACTED]
[REDACTED]
[REDACTED]

ADMINISTRATIVE LAW JUDGE:

Mayumi M. Ishii
Division of Hearings and Appeals

FINDINGS OF FACT

1. Petitioner (CARES # [REDACTED]) is a resident of [REDACTED] who received FoodShare benefits between April 2011 and October 2012. (Exhibit 1, pgs. 7-9)
2. On August 10, 2011, the Respondent completed an on-line renewal. (Exhibit 1, pg. 14)

3. On August 11, 2011, the Respondent completed the phone interview for her renewal. (Exhibit 1, pg. 19) During phone interviews, FoodShare applicants are given a standard FoodShare warning advising them of the penalties for providing false information or selling their FoodShare benefits. (Testimony of Katherine May; Exhibit 1, pg. 16)
4. The owner of [REDACTED] was no longer a subcontractor distributing seafood and meat, at the time he became an authorized SNAP vendor in August 2010. Instead, he was purchasing FoodShare benefits for cash, paying the benefit recipients only a percentage of the face value of the card. The recipients did not receive any food items. (Exhibit 1, pgs. 27-29)
5. FoodShare disbursements were made to the Respondent on the 12th of the month. Between April 2011 and October 12, 2012, the Respondent received \$14,633 in FoodShare benefits. (Exhibit 1, pgs. 7-10)
6. The Respondent's EBT card was used to redeem \$7350 in benefits with [REDACTED] between April 12, 2011 and October 12, 2012, over the course of 18 transactions, using five different cards ending in 5760, 9923, 4048 and 9155. All but two transactions took place on the 12th of the month. (Exhibit 1, pgs. 30-32)
7. On December 22, 2009, the agency issued to the Respondent an EBT card ending in 5760, to replace a card that was report lost, deactivated or stolen. (Exhibit 1, pg. 31)
8. On June 9, 2011, the agency issued to the Respondent an EBT card ending in 9923, because card 5760 was reported lost, stolen or deactivated. (Exhibit 1, pg. 31).
9. On June 9, 2011, the agency also issued an EBT card ending in 2885, to an unknown person under the Respondent's case number, for unknown reasons. (Exhibit 1, pg. 31)
10. On September 9, 2011, the agency issued to the Respondent an EBT card ending in 4048, to replace a card that was reported lost, stolen or deactivated. (Exhibit 1, pg. 31)
11. On November 30, 2011 the agency issued yet another EBT card to the Respondent, this one ending in 9155, to replace a card that was reported lost, stolen or deactivated. This card was still active as of June 27, 2013. (Exhibit 1, pg. 31)
12. Whenever individuals receive EBT cards they are given a brochure that warns them of the consequences of committing an intentional program violation. (Testimony of Ms. May; Exhibit 1, pgs. 21-24)
13. On February 26, 2014, the Department of Health Services, Office of the Inspector General sent the Petitioner an Administrative Disqualification Hearing notice, indicating that it believed she trafficked \$8350 of her FoodShare benefits with [REDACTED] between April 2011 and October 2012. (Exhibit 1, pg. 5)

DISCUSSION

Respondent's Non-appearance

The Respondent did not appear for this hearing. This circumstance is governed by the regulation in 7 C.F.R. §273.16(e)(4), which states in part:

If the household member or its representative cannot be located or fails to appear at a hearing initiated by the State agency without good cause, the hearing shall be conducted without the household member being represented. *Even though the household member is not represented, the hearing official is required to carefully consider the evidence and determine if intentional Program violation was committed based on clear and convincing evidence.* If the household member is found to have committed an intentional program violation but a hearing official later determines that the household member or

representative had good cause for not appearing, the previous decision shall no longer remain valid and the State agency shall conduct a new hearing. The hearing official who originally ruled on the case may conduct a new hearing. In instances where the good cause for failure to appear is based upon a showing of nonreceipt of the hearing notice, the household member has 30 days after the date of the written notice of the hearing decision to claim good cause for failure to appear. In all other instances, *the household member has 10 days from the date of the scheduled hearing to present reasons indicating a good cause for failure to appear. A hearing official must enter the good cause decision into the record.*

Emphasis added

The hearing in this case took place on April 7, 2013. The Respondent was advised of the date and time of the hearing, in an Administrative Disqualification Hearing Notice that was sent to her at [REDACTED] [REDACTED]. Ms. Mays indicated that this was the Respondent's last known mailing address and that the agency did not receive any returned mail. (See also Exhibit 1, pg. 3)

The Respondent did not appear at the hearing and the Respondent did not contact the Division of Hearings and Appeals within 10 days to explain her failure to appear. As such, it is found that the Respondent did not have good cause for her non-appearance.

The Merits of OIG's Claim

An IPV is defined at 7 C.F.R. §273.16(c) as intentionally: making a false or misleading statement or misrepresenting; concealing or withholding facts; or committing any act that constitutes a violation of the Food Stamp Act, federal regulations or any Wisconsin statute relating to the use, presentation, transfer, acquisition, receipt or possession of food stamp coupons or an authorization to participate (ATP) card.

The Department's written policy restates federal law, below:

3.14.1 IPV Disqualification

7 CFR 273.16

A person commits an Intentional Program Violation (IPV) when s/he intentionally:

1. makes a false or misleading statement, or misrepresents, conceals or withholds facts; or
2. commits any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any Wisconsin statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of FoodShare benefits or QUEST cards.

An IPV may be determined by the following means:

1. Federal, state, or local court order,
2. Administrative Disqualification Hearing (ADH) decision,
3. Pre-charge or pretrial diversion agreement initiated by a local district attorney and signed by the FoodShare recipient in accordance with federal requirements, or
4. Waiver of the right to an ADH signed by the FoodShare recipient in accordance with federal requirements.

FoodShare Wisconsin Handbook, §3.14.1.

The agency may disqualify only the individual who either has been found to have committed the IPV or has signed a waiver or consent agreement, and not the entire household. If disqualified, an individual will be ineligible to participate in the FS program for one year for the first violation, two years for the second

violation, and permanently for the third violation. However, any remaining household members must agree to make restitution within 30 days of the date of mailing a written demand letter, or their monthly allotment will be reduced. 7 C.F.R. §273.16(b).

In order for the agency to establish that an FS recipient has committed an IPV, it has the burden to prove two separate elements by clear and convincing evidence. The recipient must have: 1) committed; and 2) intended to commit an intentional program violation per 7 C.F.R. §273.16(e)(6).

"Clear and convincing evidence" is an intermediate standard of proof which is more than the "preponderance of the evidence" used in most civil cases and less than the "beyond a reasonable doubt" standard used in criminal cases. It is used in civil cases where a higher standard is required because the outcome could result in

In Kuehn v. Kuehn, 11 Wis.2d 15, 26 (1959), the court held that:

Defined in terms of quantity of proof, reasonable certitude or reasonable certainty in ordinary civil cases may be attained by or be based on a mere or fair preponderance of the evidence. Such certainty need not necessarily exclude the probability that the contrary conclusion may be true. In fraud cases it has been stated the preponderance of the evidence should be clear and satisfactory to indicate or sustain a greater degree of certitude. Such degree of certitude has also been defined as being produced by clear, satisfactory, and convincing evidence. Such evidence, however, need not eliminate a reasonable doubt that the alternative or opposite conclusion may be true. In criminal cases, while not normally stated in terms of preponderance, the necessary certitude is universally stated as being beyond a reasonable doubt.

Wisconsin Jury Instruction – Civil 205 is also instructive. It provides:

Clear, satisfactory and convincing evidence is evidence which when weighed against that opposed to it clearly has more convincing power. It is evidence which satisfies and convinces you that "yes" should be the answer because of its greater weight and clear convincing power. "Reasonable certainty" means that you are persuaded based upon a rational consideration of the evidence. Absolute certainty is not required, but a guess is not enough to meet the burden of proof. This burden of proof is known as the "middle burden." The evidence required to meet this burden of proof must be more convincing than merely the greater weight of the credible evidence but may be less than beyond a reasonable doubt.

Further, the *McCormick* treatise states that "it has been persuasively suggested that [the clear and convincing evidence standard of proof] could be more simply and intelligibly translated to the jury if they were instructed that they must be persuaded that the truth of the contention is highly probable." 2 *McCormick on Evidence* § 340 (John W. Strong gen. ed., 4th ed. 1992).

Thus, in order to find that an IPV was committed, the trier of fact must derive from the evidence, a firm conviction as to the existence of each of the two elements even though there may exist a reasonable doubt that the opposite is true.

In the case at hand, Milwaukee Enrollment Services has established, by clear and convincing evidence, that the Respondent was selling her FoodShare benefits. First, the Respondent's EBT card was used to redeem \$7,350 worth of FoodShare benefits with [REDACTED] between April 2011 and October 2012, over 18 transactions. Second, all but four of the transactions took place on the 12th of the month, when the Respondent received her Foodshare benefits. The remaining transactions took place on

the 13th, 16th or 17th of the month, not long after the Respondent received her benefits. (Exhibit 1, pgs. 8-10 and pg. 30) Third, the transactions were for even dollar amounts ranging from \$200 to \$700. Fourth, the Petitioner went through at least four different EBT cards in an 18 month period. It is extremely difficult to believe that anyone who is legitimately using an EBT card would have need to replace his or her EBT card an average of once every four to five months. Fifth, during this time, [REDACTED] was no longer a subcontractor distributing meat and seafood; but was instead purchasing EBT benefits for a fraction of face value. As such, the Respondent had to have been selling her benefits. (Exhibit 1, pgs. 27-29)

Based upon the foregoing, it is found that the Respondent was trafficking her FoodShare benefits between April 12, 2011 and October 12, 2012.

It should be noted that one transaction for June 12, 2011 for \$700.00 was not included in the transaction total above, because the EBT Card Issuances list for Case number [REDACTED], did not specifically show that the EBT card ending in 2885 was issued to the Respondent. As such, there is not enough information in the record connecting the Respondent to that June 12, 2011 transaction.

There is a general rule that a person is presumed to know and intend the probable and natural consequences of his or her own voluntary words or acts. See John F. Jelke Co. v. Beck, 208 Wis. 650 (1932); 31A C.J.S. Evidence §131. Intention is a subjective state of mind to be determined upon all the facts. Lecus v. American Mut. Ins. Co. of Boston, 81 Wis.2d 183 (1977). There is nothing in the record to rebut the presumption that the Respondent intentionally sold her benefits to [REDACTED].

CONCLUSIONS OF LAW

The Respondent committed an intentional program violation (IPV) by trafficking her benefits with [REDACTED] between April 12, 2011 and October 12, 2012.

THEREFORE, it is

ORDERED

That the IPV for claim number [REDACTED] is sustained and that the Respondent is hereby ineligible to participate in the FoodShare program for a period of one year, effective the first month following the date of receipt of this decision.

REQUEST FOR A REHEARING ON GROUNDS OF GOOD CAUSE FOR FAILURE TO APPEAR

In instances where the good cause for failure to appear is based upon a showing of non-receipt of the hearing notice, the respondent has 30 days after the date of the written notice of the hearing decision to claim good cause for failure to appear. See 7 C.F.R. sec. 273.16(e)(4). Such a claim should be made in writing to the Division of Hearings and Appeals, P.O. Box 7875, Madison, WI 53707-7875.

APPEAL TO COURT

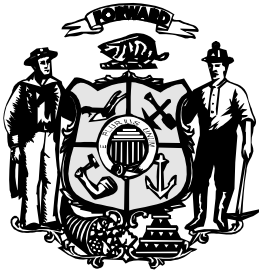
If you disagree with this decision, you may appeal this decision to Circuit Court in the county where you live. Appeals must be served and filed with the appropriate court no more than 30 days after the date of this hearing decision (or 30 days after a denial of rehearing, if you ask for one).

For purposes of appeal to circuit court, the Respondent in this matter is the Department of Health Services. After filing the appeal with the appropriate court, it must be served on the Secretary of that Department, either personally or by certified mail. The address of the Department is: 1 West Wilson Street, Room 651, Madison, Wisconsin 53703. A copy should also be sent to the Division of Hearings and Appeals, 5005 University Avenue, Suite 201, Madison, WI 53705-5400.

The appeal must also be served on the other "PARTIES IN INTEREST" named in this decision. The process for appeals to the Circuit Court is in Wis. Stat. §§ 227.52 and 227.53.

Given under my hand at the City of Milwaukee,
Wisconsin, this 23rd day of April, 2014.

\sMayumi M. Ishii
Administrative Law Judge
Division of Hearings and Appeals



State of Wisconsin\DIVISION OF HEARINGS AND APPEALS

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The preceding decision was sent to the following parties on April 23, 2014.

Milwaukee Enrollment Services
Public Assistance Collection Unit
Division of Health Care Access and Accountability